



U.S. Department of Justice

United States Attorney
Western District of Texas

JOHNNY SUTTON
United States Attorney

601 NW Loop 410 STE 600
San Antonio, Texas 78216

(210)384-7400
FAX: (210)384-7474

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Contact: Public Affairs Officer Daryl Fields
San Antonio (210) 384-7440
FBI SA Rene Salinas
(210) 225-6741

**LONG DISTANCE SERVICE PROVIDER NTS COMMUNICATIONS, INC. AND TWO
EXECUTIVES ARE CHARGED WITH DEFRAUDING SOUTHWESTERN BELL TELEPHONE
OF MILLIONS IN LONG DISTANCE USAGE FEES**

(SAN ANTONIO, TEXAS) The Federal government today filed federal charges against a privately held telecommunications company, the company President, and its Chief Operating Officer for perpetrating a scheme that defrauded Southwestern Bell Telephone of millions of dollars in long distance usage fees.

The charges—stemming from a 14-month investigation by agents with the Federal Bureau of Investigation—allege that Lubbock-based NTS Communications failed to pay long distance usage fees to Southwestern Bell Telephone Company for using SWBT's network of telephone lines and switches in Texas while providing long distance service to NTS customers.

Under Federal Communications Commission and Texas Public Utility Commission regulations, SWBT is entitled to a per-minute usage fee from long distance providers who use SWBT lines or equipment to carry interstate and intrastate long distance telephone calls. In Texas, the usage fee charged for intrastate calls is greater than the fee charged for interstate calls. NTS' scheme to defraud SWBT involved NTS using equipment that deprived SWBT of the information necessary to independently verify whether long distance calls made by NTS customers were interstate or intrastate. Between 1996 and 2001, NTS falsely claimed to SWBT that virtually all of its customers made only interstate long distance calls, thereby compensating SWBT at the lower usage fee for interstate calls and depriving SWBT of substantial fees for intrastate usage to which it was entitled.

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NTS has entered into a plea agreement with the government, agreeing to plead guilty to five counts of mail fraud and agreeing to pay restitution to SWBT of \$22 million. NTS President Barbara Andrews and Chief Operating Officer Brad Worthington have entered into pleas with the government agreeing to plead guilty to Misprision of Felony, that is, knowingly concealing and failing to report the scheme. Guilty pleas will be entered on a date to be set by the Court.

“Financial crimes such as this are often incorrectly described as victimless crimes,” stated Roderick L. Beverly, Special Agent in Charge of the San Antonio Division of the Federal Bureau of Investigation. He added, “Businesses are nothing more than people organized together under a leadership team to fulfill a societal need. These leaders have a duty and a moral and legal obligation to be honest with those whom they conduct business. When leaders deliberately misrepresent or lie to gain financially, they often perpetrate a fraud scheme of massive proportions; the cost of which is ultimately borne by rate payers and shareholders. It is right that leaders who engage in such dishonest activity are prosecuted criminally.”

This case was investigated by the Federal Bureau of Investigation and is being prosecuted by Assistant United States Attorney Karen Norris.

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